

109TH CONGRESS  
2D SESSION

# H. R. 5703

To amend the Internal Revenue Code of 1986 to provide a credit for the purchase of qualified flexible fuel motor vehicles, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2006

Mr. MEEHAN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the purchase of qualified flexible fuel motor vehicles, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Green Vehicles Pro-  
5 motion Act of 2006”.

1 **SEC. 2. QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE CRED-**  
 2 **IT.**

3 (a) IN GENERAL.—Section 30B of the Internal Rev-  
 4 enue Code of 1986 (relating to alternative motor vehicle  
 5 credit) is amended—

6 (1) in subsection (a) by striking “and” at the  
 7 end of paragraph (3), by striking the period and in-  
 8 serting “, and” at the end of paragraph (4), and by  
 9 adding at the end the following new paragraph:

10 “(5) the qualified flexible fuel motor vehicle  
 11 credit determined under subsection (f).”, and

12 (2) by redesignating subsections (f), (g), (h),  
 13 (i), and (j) as subsections (g), (h), (i), (j), and (k),  
 14 respectively, and by inserting after subsection (e) the  
 15 following new subsection:

16 “(f) QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE  
 17 CREDIT.—

18 “(1) ALLOWANCE OF CREDIT.—For purposes of  
 19 subsection (a), the qualified flexible fuel motor vehi-  
 20 cle credit determined under this subsection for the  
 21 taxable year is an amount equal to the sum of—

22 “(A) \$100 for each qualified flexible fuel  
 23 motor vehicle placed in service by the taxpayer  
 24 during the taxable year that is not a new quali-  
 25 fied hybrid motor vehicle (as described in sub-  
 26 section (d)(3)), plus

“(B) \$200 for each qualified flexible fuel motor vehicle placed in service by the taxpayer during the taxable year that is a new qualified hybrid motor vehicle (as described in subsection (d)(3)).

“(2) QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified flexible fuel motor vehicle’ means a motor vehicle that meets the requirements of subparagraph (B) and is designed so that the vehicle is propelled by an engine which can use as a fuel a gasoline mixture of which 85 percent (or another percentage of not less than 70 percent, as the Secretary may determine, by rule, to provide for requirements relating to cold start, safety, or vehicle functions) of the volume of consists of ethanol.

“(B) OTHER REQUIREMENTS.—A vehicle meets the requirements of this paragraph if—

“(i) the original use of the vehicle commences with the taxpayer,

“(ii) the vehicle is acquired for use or lease by the taxpayer and not for resale, and

1 “(iii) the vehicle is made by a manu-  
2 facturer in the United States.”.

3 (b) TERMINATION.—Subsection (k) of section 30B of  
4 such Code (as redesignated by subsection (a)) is amended  
5 by striking “and” at the end of paragraph (3), by striking  
6 the period and inserting “, and” at the end of paragraph  
7 (4), and by adding at the end the following new para-  
8 graph:

9 “(5) in the case of a qualified flexible fuel  
10 motor vehicle (as described in subsection (f)(2)), De-  
11 cember 31, 2010.”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) Paragraph (4) of section 30B(i) of such  
14 Code (as redesignated by subsection (a)) is amended  
15 by striking “subsection (g)” and inserting “sub-  
16 section (h)”.

17 (2) Paragraph (6) of section 30B(i) of such  
18 Code (as redesignated by subsection (a)) is amended  
19 by striking “subsection (g)” each place it appears  
20 and inserting “subsection (h)”.

21 (3) Paragraph (25) of section 38(b) of such  
22 Code is amended by striking “section 30B(g)(1)”  
23 and inserting “section 30B(h)(1)”.

1 (4) Paragraph (3) of section 55(c) of such Code  
 2 is amended by striking “30B(g)(2)” and inserting  
 3 “30B(h)(2)”.

4 (5) Paragraph (36) of section 1016(a) of such  
 5 Code is amended by striking “section 30B(h)(4)”  
 6 and inserting “section 30B(i)(4)”.

7 (6) Subsection (m) of section 6501 of such  
 8 Code is amended by striking “30B(h)(9)” and in-  
 9 serting “30B(i)(9)”.

10 (d) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to purchases made after the date  
 12 of the enactment of this Act, in taxable years ending after  
 13 such date.

14 **SEC. 3. CREDIT FOR CONVERSION OF MOTOR VEHICLE TO**  
 15 **QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE.**

16 (a) IN GENERAL.—Subpart A of part IV of sub-  
 17 chapter A of chapter 1 of the Internal Revenue Code of  
 18 1986 is amended by inserting after section 25D the fol-  
 19 lowing new section:

20 **“SEC. 25E. CREDIT FOR CONVERSION OF MOTOR VEHICLE**  
 21 **TO QUALIFIED FLEXIBLE FUEL MOTOR VEHI-**  
 22 **CLE.**

23 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
 24 dividual, there shall be allowed as a credit against the tax  
 25 imposed by this chapter for the taxable year an amount

1 equal to 100 percent of the qualified flexible fuel motor  
2 vehicle conversion expenditures made by the taxpayer dur-  
3 ing the taxable year.

4 “(b) MAXIMUM CREDIT.—The credit allowed under  
5 subsection (a) for any taxable year shall not exceed \$500.

6 “(c) QUALIFIED FLEXIBLE FUEL MOTOR VEHICLE  
7 CONVERSION EXPENDITURE.—For purposes of this sec-  
8 tion—

9 “(1) IN GENERAL.—The term ‘qualified flexible  
10 fuel motor vehicle conversion expenditure’ means  
11 any expenditure directly related to the process of  
12 converting a motor vehicle owned by a taxpayer to  
13 a motor vehicle that meets the qualified flexible fuel  
14 motor vehicle requirement described in paragraph  
15 (2).

16 “(2) QUALIFIED FLEXIBLE FUEL MOTOR VEHI-  
17 CLE REQUIREMENT.—A vehicle meets the qualified  
18 flexible fuel motor vehicle requirements described in  
19 this paragraph if the vehicle is propelled by an en-  
20 gine which can use as a fuel a gasoline mixture of  
21 which 85 percent (or another percentage of not less  
22 than 70 percent, as the Secretary may determine, by  
23 rule, to provide for requirements relating to cold  
24 start, safety, or vehicle functions) of the volume of  
25 consists of ethanol.

“(3) MOTOR VEHICLE.—The term ‘motor vehicle’ means any vehicle which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

6       “(d) TERMINATION.—The credit allowed under this  
7 section shall not apply to expenditures made after Decem-  
8 ber 31, 2010.”.

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25D the following new item:

“Sec. 25E. Credit for conversion of motor vehicle to qualified flexible fuel motor vehicle.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to expenditures made after December 31, 2006, in taxable years ending after such date.

16 SEC. 4. USE OF CAFE PENALTIES TO BUILD ALTERNATIVE  
17 FUELING INFRASTRUCTURE.

Section 32912 of title 49, United States Code, is amended by adding at the end the following:

20 “(e) ALTERNATIVE FUELING INFRASTRUCTURE  
21 GRANT PROGRAM.—

22 “(1) TRUST FUND.—(A) There is established in  
23 the Treasury of the United States a trust fund, to  
24 be known as the Alternative Fueling Infrastructure

1 Trust Fund (referred to in this subsection as the  
2 ‘Trust Fund’), consisting of such amounts as are de-  
3 posited into the Trust Fund under subparagraph  
4 (B) and any interest earned on investment of  
5 amounts in the Trust Fund.

6 “(B) The Secretary of Transportation shall  
7 remit 90 percent of the amount collected in civil  
8 penalties under this section to the Trust Fund.

9 “(2) ESTABLISHMENT OF GRANT PROGRAM.—  
10 The Secretary of Energy shall obligate such sums as  
11 are available in the Trust Fund to establish a grant  
12 program to increase the number of locations at  
13 which consumers may purchase alternative fuels.

14 “(3) GRANT RECIPIENTS.—

15 “(A) ALLOCATION TO CORPORATE AND  
16 NONPROFIT ENTITIES.—The Secretary of En-  
17 ergy may allocate from the Trust Fund such  
18 sums as the Secretary considers appropriate to  
19 corporations (including nonprofit corporations)  
20 with demonstrated experience in the adminis-  
21 tration of grant funding for the purpose of  
22 making alternative fueling infrastructure grants  
23 to owners and operators of fueling stations. The  
24 Secretary of Energy may allocate funds only to  
25 a corporation that agrees to provide \$1 of non-

1 Federal contributions for every \$3 of Federal  
2 funding received under this subparagraph. In  
3 no case may administrative expenses exceed 5  
4 percent of any total allocation that may be pro-  
5 vided. Allocations under this paragraph may be  
6 made only for specific types of alternative fuels  
7 that can be used in at least 50,000 automobiles  
8 produced in the United States in the prior auto-  
9 mobile production year.

10 “(B) CONSIDERATIONS.—In making allo-  
11 cations to corporate and nonprofit entities for  
12 alternative fueling infrastructure awards under  
13 subparagraph (A), the Secretary shall—

14 “(i) consider the number of auto-  
15 mobiles produced for sale in the preceding  
16 production year capable of using each spe-  
17 cific type of alternative fuel; and

18 “(ii) identify 1 primary entity per al-  
19 ternative fuel capable of implementing a  
20 national deployment program and pro-  
21 viding technical and marketing assistance.

22 “(C) DIRECT GRANTS TO FUELING STA-  
23 TION OWNERS AND OPERATORS.—The Sec-  
24 retary of Energy may award grants directly to  
25 owners and operators of fueling stations for the

1 purpose of installing alternative fuel infrastruc-  
2 ture for specific types of alternative fuels that  
3 can be used in not fewer than 50,000 auto-  
4 mobiles produced in the United States in the  
5 prior automobile production year.

6 “(D) GRANT RECIPIENTS.—A recipient of  
7 an allocation under subparagraph (A) and the  
8 Secretary of Energy under subparagraph (C)  
9 shall award grants to owners and operators of  
10 fueling stations in an amount not greater than  
11 \$150,000 per site or \$500,000 per entity. A re-  
12 cipient of a grant under this paragraph shall  
13 agree to provide \$1 of non-Federal contribu-  
14 tions for every \$3 of grant funds received under  
15 this paragraph. In no case may administrative  
16 expenses exceed 3 percent of any grant that  
17 may be provided. Recipients of grants shall be  
18 selected on a formal, open, and competitive  
19 basis, based on—

20 “(i) the public demand for each alter-  
21 native fuel in a particular county based on  
22 state registration records showing the  
23 number of automobiles that can be oper-  
24 ated with alternative fuel;

1 “(ii) the opportunity to create or ex-  
2 pand corridors of alternative fuel stations  
3 along interstate or State highways; and

4 “(iii) the opportunity to increase eco-  
5 nomic activity in economically-depressed  
6 communities.

7 “(E) TECHNICAL AND MARKETING ASSIST-  
8 ANCE.—A recipient of an allocation under sub-  
9 paragraph (A) shall provide technical and mar-  
10 keting assistance to recipients of grant awards,  
11 including point of sale and labeling materials.

12 “(4) USE OF FUNDS.—(A) Grant funds received  
13 under this subsection may be used to—

14 “(i) construct new facilities to dispense al-  
15 ternative fuels;

16 “(ii) purchase equipment to upgrade, ex-  
17 pand, or otherwise improve existing alternative  
18 fuel facilities;

19 “(iii) purchase equipment or pay for spe-  
20 cific turnkey fueling services by alternative fuel  
21 providers; or

22 “(iv) assist with marketing, point of sale  
23 materials, including labeling materials and any  
24 other efforts to promote the availability of alter-  
25 native fuels.

1           “(5) OPERATION OF ALTERNATIVE FUEL STA-  
2           TIONS.—Facilities constructed or upgraded with  
3           grant funds received under this subsection shall—

4                   “(A) provide alternative fuel available to  
5                   the public for a period of not less than 4 years;

6                   “(B) establish a marketing plan to advance  
7                   the sale and use of alternative fuels;

8                   “(C) prominently display the price of alter-  
9                   native fuel on the marquee and in the station;

10                  “(D) provide point of sale materials on al-  
11                  ternative fuel;

12                  “(E) clearly label the dispenser with con-  
13                  sistent materials;

14                  “(F) price the alternative fuel at the same  
15                  margin that is received for unleaded gasoline;  
16                  and

17                  “(G) support and use all available tax in-  
18                  centives to reduce the cost of the alternative  
19                  fuel to the lowest possible retail price.

20           “(6) NOTIFICATION REQUIREMENTS.—(A) Not  
21           later than the date on which each alternative fuel  
22           station begins to offer alternative fuel to the public,  
23           the grant recipient that used grant funds to con-  
24           struct such station shall notify the Secretary of En-  
25           ergy of such opening. The Secretary of Energy shall

1 add each new alternative fuel station to the alter-  
2 native fuel station locator on its Website when it re-  
3 ceives notification under this subparagraph.

4 “(B) Not later than 6 months after the receipt  
5 of a grant award under this subsection, and every 6  
6 months thereafter, each grant recipient shall submit  
7 a report to the Secretary of Energy that describes—

8 “(i) the status of each alternative fuel sta-  
9 tion constructed with grant funds received  
10 under this subsection;

11 “(ii) the amount of alternative fuel dis-  
12 pensed at each station during the preceding 6-  
13 month period; and

14 “(iii) the average price per gallon of the al-  
15 ternative fuel sold at each station during the  
16 preceding 6-month period.

17 “(7) ALTERNATIVE FUEL DEFINED.—For the  
18 purposes of this subsection, the term ‘alternative  
19 fuel’ means—

20 “(A) any fuel of which at least 85 percent  
21 (or such percentage, but not less than 70 per-  
22 cent, as determined by the Secretary, by rule,  
23 to provide for requirements relating to cold  
24 start, safety, or automobile functions) of the

1 volume consists of ethanol, liquefied petroleum  
2 gas, or hydrogen; or

3 “(B) any mixture of biodiesel and diesel  
4 fuel determined without regard to any use of  
5 kerosene that contains at least 20 percent bio-  
6 diesel.”.

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